



ASIA AND OCEANIA

Regional Analysis

Pacific Rim Population Growth Offers Export Opportunities

According to a report by PECC (Pacific Economic Cooperation Council), demographic changes will create dynamic shifts in the Asian-Pacific region's urban populations that, along with other factors, could create new market opportunities for U.S. exporters.

The report, entitled "Where Demographics Will Take the Food System, (Pacific Food System Outlook 2003-2004)," examines demographic changes projected through 2020, assessing demand and supply implications for the region's food supply system.

Overall, the population in these countries is projected to rise by more than 400 million people, a 16-percent increase in the number of people to feed.

The most significant demographic change will be the rapid growth of urban populations. Urban growth will test the efficiency and capacity of the region's food system to deliver a continuous flow of safe, reasonably priced fresh and processed foods.

The number of people living in urban areas is projected to grow by more than 590 million by 2020, an increase of about 45 percent. After 2005, the region's urban population will surpass the rural population for the first time. This rapid growth is explained by higher birthrates, migration of people from rural to urban areas and immigration.

Urban growth is expected to be the most rapid in China and Southeast Asia. The urban populations of Vietnam,



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Indonesia, Singapore and the Philippines, the Southeast Asian members of PECC, are projected to grow more than 70 percent. China's growth in urban population, though slightly slower, will add a staggering 300 million people by 2020.

Urban vs. Rural Consumers

Diets in urban areas are more diverse, both in terms of the kinds of foods consumed and their origins. As a result of higher incomes among urbanites, their diets also show predictable substitution of animal products, fruits and vegetables for more traditional foods such as cereals, potatoes and manioc. Urban consumers tend to eat away from home more often, and have a greater preference for convenience foods than their rural counterparts.

Work and lifestyles in urban areas tend to be more sedentary than those in rural areas, lowering per capita caloric requirements.

In addition to urbanization, the aging of the region's population will pose challenges for its food system.

Between 2000 and 2020, average life expectancy in the Asia-Pacific region is expected to rise from 72 to 77 years, and the median age from 30 to 36 years.

With the over-65 population almost doubling to 370 million by 2020, suppliers must adjust to changing food demand patterns and food service requirements.

Japan is the No. 1 net importer of food and agricultural products in the world and the United States' second largest foreign customer. Its aging popula-

tion will begin to decline in 2007, lowering total demand for food—but increasing demand for different kinds of food.

Because of Japan's rapidly growing share of older people, per capita meat consumption is likely to see a significant decline. Older Japanese tend to eat less meat and more fresh fruits, rice and fresh fish.

Older people are also less likely to eat out than are younger people. Consequently, Japanese retirees are more likely to eat their midday meal at home, which has important implications for lunchtime food service. In general, older people tend to prefer convenience, smaller servings and, when they do eat out, full-service restaurants.

The Marketing Factor

Marketing food products in the region will require an increasing focus on densely populated urban centers, such as

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the Hong Kong-Shenzhen-Pearl River Delta; Shanghai, China; Jakarta, Indonesia; Bangkok, Thailand; and Manila, the Philippines. Many of these areas have modern port facilities, making them accessible to foreign suppliers.

In some instances, foreign suppliers are more competitive in these coastal urban markets than inland producers who confront inadequate supply-chain infrastructure.



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What the Future Holds

Strong economic forces generated by demographic changes require close attention from food system policymakers. Some demographic changes, such as declining fertility and mortality rates and population aging, take years to become clearly visible.

Others, like rapid urbanization, may have a more immediate impact and may create new and different opportunities for U.S. exporters. ■



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Singapore, E-mail: preccsec@pecc.net
Web sites: *Pacific Food System Outlook*
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